



Afternoon Energy, powered by America's Natural Gas Alliance: Koch brothers not 'Big Oil,' journalists say -
Hearing set on Bingaman CES - Dimock's water is still clean
POLITICO Pro Energy to: Arvin Ganesan

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From: POLITICO Pro Energy <politicoemail@politicopro.com>
To: Arvin Ganesan/DC/USEPA/US@EPA,
Please respond to politicoemail@politicopro.com

By Talia Buford | 5/11/12 2:54 PM EDT

With help from Bob King and Dan Berman

DIMOCK WATER STILL CLEAN: A fourth set of tests of 12 drinking water wells in Dimock, Pa., did not show contamination levels of concern to the EPA, the agency said today. One well did contain elevated levels of methane, the EPA said, and the resident, the state Department of Environmental Protection and the Susquehanna County Emergency Management Agency were informed. The report: <http://bit.ly/K8sNZx>

CABOT'S RESPONSE: "Cabot is pleased that EPA has now reached the same conclusion of Cabot and state and local authorities resulting from the collection of more than 10,000 pages of hard data — that the water in Dimock meets all regulatory standards," said spokesman George Stark, adding that the company will continue working with the EPA to address community concerns.

Welcome to Afternoon Energy, where your host has decided it's officially time to retire Rebecca Black's weekend anthem. So grab your spandex, crank this Johnny Kemp jam (<http://bit.ly/IWDpy6>) and tell me where the party is (plus all of the best energy news at tips) at tbuford@politico.com.

Now on with the news.

KOCH NOT 'BIG OIL': The Koch brothers have an unlikely ally in the war of words with their liberal adversaries: the nation's journalistic fact-checkers. Both The Washington Post's Fact Checker blog and the nonpartisan site FactCheck.org have dinged the Kochs' critics in recent weeks for referring to the billionaire brothers as "Big Oil." Why? Because Koch Industries' business interests extend well beyond the company's involvement in petroleum refining and other oil-based operations. And while no corporate midget, the company isn't anywhere near as big as true oil giants like ExxonMobil. Bob King gets behind the semantics: <http://politico.pro/IOeeJf>.

CES HEARING SET: The Senate Energy and Natural Resources Committee will hold a hearing (<http://bit.ly/IqRGmL>) Thursday on Jeff Bingaman's proposed Clean Energy Standard bill (<http://bit.ly/Jq3Pm7>). Goode already broke down the long-awaited CES proposal: <http://politico.pro/yNrCIn>.

OBAMA ADDING CLEAN COAL TO 'ALL OF THE ABOVE': The Obama campaign added "clean coal" to the energy priorities on its website this week, days after the president lost several counties in coal-rich West Virginia and criticism from GOP lawmakers. On a page outlining President Obama's "all of the above" approach, the campaign replaced a section (<http://bit.ly/IOffB5>) highlighting "fuel efficiency" with one (<http://bit.ly/IIwHbc>) highlighting "clean coal." Donovan Slack: <http://politi.co/IOfdJm>.

ICYMI: Erica Martinson detailed Obama's tenuous relationship with coal last month: <http://politico.pro/HZQuT5>

WE WANT YOU: To join Pro at 8 a.m. Tuesday for an Energy Breakfast Briefing with White House Energy and Environment Adviser Heather Zichal and Sen. Lamar Alexander (R-Tenn.). To save your spot, RSVP here: <http://bit.ly/J6nafU>.

NO PURSUIT, JUST TRIVIA: Join POLITICO's Patrick Reis and Pro's Tony Romm as they dish up trivia Tuesday at 6 p.m. at Hill Country (410 7th St. NW). RSVP with your group of four to awilliams@politico.com.

JOE BAST, CALL YOUR OFFICE: The Heartland Institute's board of directors wasn't consulted before the now-infamous billboard ad linking Unabomber Ted Kaczynski to advocates of cutting greenhouse gases, and it promoted a sudden conference call with the board and Heartland President Joe Bast, Climatewire's Evan Lehmann reports. <http://bit.ly/LwLlnE>.

STRONG WORDS: The New York Times editorial board called on the Interior to tighten proposed rules on hydraulic fracturing that were released earlier this month. "The administration cannot let pass this opportunity to make it safer," the board wrote: <http://nyti.ms/JqmrUF>.

A primer on the BLM rules: <http://politico.pro/JYi876>.

BOONE DUMPS CHESAPEAKE: "I don't like the position he's in," T. Boone Pickens told CNBC of Chesapeake CEO Aubrey McClendon. McClendon "is spending more than his cash flow, he's done that for 10 years," Pickens said of his longtime friend, adding that he "wouldn't count Aubrey out." <http://bit.ly/JlsB8u>

PRAISE FOR BLM DIRECTOR ABBEY is still rolling in after the late Thursday announcement that he would retire (<http://politico.pro/JhzYTC>) at the end of the month. "Abbey has been a terrific BLM Director, one of the very best the BLM has ever had," said Wilderness Society President Jamie Williams. "We deeply appreciated his openness and accessibility, and his commitment to properly managing and protecting the multitude of natural resource values on our public lands. We'll miss his deep sense of stewardship for his office, and we wish him the best in his future endeavors."

MINERS TRICKED INTO SETTling, SUIT CLAIMS: Miners are claiming that Massey Energy tricked them into accepting initial wrongful death settlements after a fatal April 2010 explosion, but withheld evidence of safety violations and criminal activity surrounding the incident. Withholding that information would have affected the value of the settlements, and the suit seeks class action status to represent the families that settled. The Charleston Gazette: <http://bit.ly/J3JXvT>.

#FOLLOWFRIDAY: You're already following @POLITICOPro for all the latest updates on policy, right? Follow the entire

Energy crew to get your timeline chock full of energy news (and humorous ramblings): @DHBerman, @BKingDC, @DSamuelsohn, @DarrenGoode, @TaliaBuford, @AlexCGuillen, @EricaMartinson and @dariusss.

BONUS PHRASE THAT (DOESN'T) PAY: Tweet @POLITICOPro or @TaliaBuford with the hashtag “#AE4Pros” between now and Monday at noon, and not only will I follow you, but you’ll get a shout-out in Monday’s Afternoon Energy.

QUICK HITS

-- “Community” has been renewed for a fourth season. HuffPo: <http://huff.to/J43WnN>

-- Marissa Alexander was sentenced to 20 years for shooting a “warning shot” at her husband, despite claiming the “Stand Your Ground” defense. Rep. Corrine Brown called the case “institutional racism” in light of the Trayvon Martin shooting. The Florida Times-Union: <http://bit.ly/KMLoPP>

-- Time’s breastfeeding cover mom defends the picture: <http://politi.co/JFN9M4>

THE WIDE WORLD OF POLITICS

-- Michelle Obama’s burning up the airwaves with guest spots on top television shows while carrying the reelection banner for her husband: <http://politi.co/JjL7zB>

-- The Wisconsin recall election is a petri dish of the November election landscape: <http://politi.co/Ji1sWo>

-- The GOP is steering clear of gay marriage, much to the Obama campaign’s chagrin: <http://politi.co/KqGHYP>

** A message from America’s Natural Gas Alliance: Want cleaner air, greater U.S. energy security and more affordable options at the pump? Let’s be friends. Check us out at <http://www.facebook.com/angaus> and join the call for natural gas now. **

Stories from POLITICO Pro

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Koch's newest friends: The fact-checkers back

By Bob King | 5/11/12 1:17 PM EDT

The Koch brothers have an unlikely ally in the war of words with their liberal adversaries: the nation’s journalistic fact-checkers.

Both The Washington Post’s [Fact Checker blog](#) and the nonpartisan site [FactCheck.org](#) have dinged the Kochs’ critics in recent weeks for referring to the billionaire brothers as “Big Oil.”

Why?

Because Koch Industries’ business interests extend well beyond the company’s involvement in petroleum refining and other oil-based operations. And while no corporate midjet, the company isn’t anywhere near as big as true oil giants like ExxonMobil.

“So even if all of Koch Industries’ revenues came from its refining business — which they do not — they would still be a fraction of the revenues of the companies that actually represent ‘Big Oil,’” the FactCheck.org critique said.

FactCheck.org cited [Forbes’s estimates](#) that privately held Koch generated about \$100 billion in revenues in 2011, compared with ExxonMobil’s \$434 billion in sales.

Critics say that misses the point big time.

So far this year, [federally disclosed](#) campaign contributions by the company’s KochPAC — totaling \$514,204 as of April — have been more than double ExxonMobil’s. And that doesn’t even encompass the various think tanks and other entities the Kochs have endowed to get their free-enterprise, anti-regulatory message out.

If that doesn’t count as big, what does, asked Robert Greenwald, producer and director of the documentary “Koch Brothers Exposed.”

“\$100 billion is small?” Greenwald said. “Where do we draw the line? Do we say that if you’re less than \$150 billion you don’t qualify as Big Oil?”

Greenwald said his film doesn’t refer to the Kochs as “Big Oil” — “we think it’s accurate, but we have not used it” — and that he respects the work of the fact-checkers. But in this case, he said, their complaint “does seem to be a version of nitpicking.”

A Koch Industries representative who didn’t wish to be identified by name countered that the term Big Oil is inherently pejorative, as well as factually wrong in this case.

“I think when people think about quote-unquote Big Oil they think about big, integrated oil companies,” the representative said — those that extract, transport and refine the oil and then distribute and sell the resulting products. “We are very proud of our involvement in the oil industry, but to characterize us as Big Oil is just not accurate.”

As for all the campaign spending, the representative said that’s partly explained by the many fields the company engages in — including ranching, wood and paper products, commodity trading, minerals and fertilizers.

“We touch and are touched by many different parts of the government at the federal, state and local levels,” the representative said. “We also support candidates and incumbents who are free-market oriented.”

Daniel Weiss, a senior fellow at the Center for American Progress, said the Kochs should make more information about their operations public so that “people could judge for themselves whether they are part of Big Oil.”

“Until then, it is safe to assume that the Koch brothers made a significant portion of their billions of dollars in the oil business, which they are now using to smear President Obama because he dare oppose their Big Oil tax breaks,” Weiss said.[back](#)

Bingaman floats long-awaited CES [back](#)

By Darren Goode | 3/1/12 10:26 AM EDT

Senate Energy and Natural Resources Chairman Jeff Bingaman on Thursday unveiled his long-awaited clean energy standard requiring the sale of low-carbon power.

And from the outset it looks like it may take a lot more discussion before it would have any real legislative prospects.

The 24-page bill requires an increasing percentage of retail power that is sold to come from either zero carbon sources like renewable energy and nuclear or low-carbon options like modern coal plants. Other eligible sources include natural gas and hydropower.

The requirement begins at 24 percent in 2015 and increases three percent points annually through 2035.

The idea stems from past efforts by Bingaman and others to enact a more narrowly tailored renewable electricity mandate. President Barack Obama also highlighted in his 2011 State of the Union address a clean energy standard amounting to 80 percent of all electricity by 2035.

A Bingaman aide said the bill essentially meets Obama’s goal of doubling the amount of clean energy in the power sector — while emphasizing that the bill is not a cap and trade proposal by direct regulation of a power plant’s emissions.

“Here we’re not capping generators,” Bingaman staff director Bob Simon said. “That’s a distinction here.”

Bingaman also told reporters it would not limit the growth of generation and does not cost the government any money. Unlike prior cap-and-trade bills, it also wouldn’t raise money for the federal government either, with any money going to fund state energy efficiency plans.

The way it basically works is credits are given to generators, which are then given to sellers. The Energy Department would need to set up a credit market — and credits could be indefinitely banked for use.

Utilities can demonstrate compliance either through clean energy credits or making alternative compliance payments, or some combination of the two. The penalty starts at three cents per kilowatt hour in 2015.

There are also civil penalties of 200 percent of the alternative compliance payment for each kilowatt hour sold in violation of the standard — which the Energy secretary could waive if a utility is unable to comply for reasons outside of its reasonable control.

Small utilities that sell fewer than 2 million megawatts of electricity are exempt from obligations and only utilities that sell retail power would be covered. That amounts to 8 percent of all utilities in 2015 and 13 percent in 2025, according to the committee. Most municipal and cooperative utilities will be exempted.

Bingaman picked up several Democratic co-sponsors — Ron Wyden of Oregon, Mark Udall of Colorado, Al Franken of Minnesota, Chris Coons of Delaware, John Kerry of Massachusetts, Sheldon Whitehouse of Rhode Island, Tom Udall of New Mexico — and Bernie Sanders (I-Vt.).

Bingaman said the committee will have at least one hearing on the bill.

But so far it has no inkling of possible GOP support — including Senate Energy and Natural Resources ranking member Lisa Murkowski, who left the conversation long ago. The Alaska Republican told reporters Wednesday afternoon that she hadn’t seen Bingaman’s bill yet.

House Republicans have complained about the potential costs.

The Energy Information Administration last October released an analysis indicating that a CES would increase electricity prices by 29 percent by 2035 and that the Gross Domestic Product would be reduced by as much as \$127 billion.

House Science Committee Chairman Ralph Hall — who requested the analysis — trumpeted it for making “clear that the CES amounts to an expensive new electricity tax on the American people,” adding “it is very troubling that the president continues to pursue an energy policy that would add billions to Americans’ energy bills.”

EIA released a later analysis in November requested by Bingaman that said a CES would have little impact on electricity prices through 2022 but that they would then rise by 21 percent by 2025. Simon said the alternative compliance payment option was added to the bill as a result of that EIA analysis.

Simon said EIA will provide a new analysis in the next few weeks specifically on Bingaman’s bill. “We feel fairly comfortable that we’ve [got] a proposal here that will be pretty easy for the world to live with when it first gets started,” Simon said.

The bill also has not been entirely endorsed on the left either. The Union of Concerned Scientists commended Bingaman’s bill as a “welcome step.”

But they also think it gives too much help to natural gas.

“We’d like to support but too much gas,” emailed Marchant Wentworth, a clean energy legislative analyst for UCS, who later attended Bingaman’s press conference rollout.

All of the sources covered in the bill are grandfathered back to 1992, a Bingaman aide said.

Wentworth did praise the bill for getting more renewable energy sources online. “And carbon reductions are substantial,” he said. “Best to look at it as a carbon reduction bill than the son of RES.”[back](#)

GOP resurrects coal quip from Obama's past [back](#)

By Erica Martinson | 4/5/12 4:35 PM EDT

Here’s one line that President Barack Obama might want to rewind: “Under my plan ... electricity rates would necessarily skyrocket.”

That quip from a [January 2008 interview](#) with the San Francisco Chronicle editorial board is making the rounds in conservative circles — even Mitt Romney referred to it last month — and likely won’t go away anytime soon.

“If somebody wants to build a coal-fired power plant they can. It's just that it will bankrupt them,” [Obama said](#), responding to a question about his cap-and-trade plan. He later added “Under my plan ... electricity rates would necessarily skyrocket.”

Of course, cap-and-trade is long dead. But coal-fired power plants are powering down nationwide, and blaming the Obama EPA. The president’s critics say proposed greenhouse gas regulations for future power plants are designed to cripple the coal industry.

And just like with another 2008 quote — Energy Secretary Steven Chu’s [famed call](#) to “figure out how to boost the price of gasoline to the levels in Europe” — Republicans say the Chronicle clip shows what’s really in the president’s heart, that high electricity prices and the death of coal have always been Obama’s goal.

"There's one promise he's kept. One promise he's kept," Mitt Romney said on the campaign trail in Illinois last month. “When he campaigned he said he wanted to raise the price of gasoline. He said that under him, energy costs would skyrocket. And then he brought in a trio of people to help him implement those policies," Romney said, according to [several news outlets](#).

Cap and trade died in the Senate two years ago, leaving the EPA to take on greenhouse gas emissions on its own — all stick, no carrot — much to the consternation of industry and GOP lawmakers.

“This administration promised before the election that they were going to bankrupt coal,” Rep. John Shimkus (R-Ill.) said at a House Energy and Power Subcommittee hearing, before twice running a YouTube clip of the Chronicle interview.

“When the president has a little more flexibility, when we get past November,” wouldn’t he extend greenhouse gas regulations to current power plants? asked Rep. Morgan Griffith (R-Va.).

If “we believe his words, and we believe the words from his last campaign, don’t you anticipate he's going to make the cost rise on the use of coal and even natural gas, because they're both fossil fuels?” Griffith said. “All of the above’ doesn’t include coal — that’s a four letter word, isn’t it?” Griffith said.

Matt Patterson of the Competitive Enterprise Institute began an opinion piece March 29 in the [Washington Times](#) with the “bankrupt” quote. “Well, we can’t say we weren’t warned,” Patterson wrote, charging that the greenhouse gas rule will “virtually destroy the coal industry, just as President Obama once promised he would do.”

On March 29, Phil Kerpen of Americans for Prosperity cited the interview in a [Fox News opinion piece](#). The day before, the interview — including a video clip — was the centerpiece of an article in the [National Review](#).

And columnist Jack Kelly touted both Obama's and Chu’s quotes in the [Pittsburgh Post-Gazette](#) on March 11, writing that “Democrats want high energy prices, but not the blame for them.”

Several radio stations have run the "necessarily" clip in the last week, including WGST in Atlanta and KDKA in Pittsburgh, according to American Coalition for Clean Coal Electricity spokeswoman Lisa Camooso Miller, who along with the group’s CEO, appeared on radio shows that played the clip. Miller said ACCCE did not pitch the clip to the stations.

ACCCE this week launched a [new TV ad](#) as part of a \$40 million campaign promoting coal, including advanced technology plants — “clean coal.”

To be sure, the coal industry also faces economic pressure from a booming natural gas industry; new fracking technology freeing the previously unavailable spoils of the Marcellus Shale means extremely low natural gas prices long into the foreseeable future.

And advancing coal technology was actually a key part of the 2008 Chronicle interview, where then-Sen. Obama never actually said he wants to curtail coal use.

Obama — then representing Illinois, historically a coal state — is no “coal booster,” he said. “What I've said is that for us to take coal off the table as an ideological matter, as opposed to saying 'if technology allows us to use coal in a clean way, we should pursue it,' that I think is the right approach,” he said.

His cap-and-trade program would have used emission fees to accelerate carbon capture technology.

“So if somebody wants to build a coal-fired power plant they can. It's just that it will bankrupt them because they're going to be charged a huge sum for all that greenhouse gas that's being emitted,” which would provide billions of dollars for investment in alternative energy, he said in the Chronicle interview.

“You know, when I was asked earlier about the issue of coal, under my plan of a cap and trade system, electricity rates would necessarily skyrocket,” he added. “Regardless of what I say about whether coal is good or bad, because I'm capping greenhouse gases, coal powered plants ... would have to retrofit their operations. That'll cost money; they will pass that money on to consumers.”

Thus far, the administration has avoided any retrofit requirements, but environmentalists will certainly push for retrofit requirements if Obama sees a second term. Meanwhile, they hope a cornered coal industry will find technological advances to drive down the cost of capturing carbon.

Last month, the EPA proposed restrictions on greenhouse gas emissions at future coal-fired power plants. And in December, the agency set strict mercury and air toxics standards for power plants — the impetus for some old coal plants to close, and many more to add costly upgrades before a 2015 deadline. More regulations for the coal and power industries are on the docket.

The White House denies that Obama’s aim is to deliver the death blow to coal.

“Since taking office the president has made clear that we need to leverage a range of domestic resources to meet our energy needs, including oil and natural gas, nuclear power, renewable energy sources like wind and solar, as well as clean coal,” said White House spokesman Clark Stevens.

“These sources will continue to be a part of our energy future, and all of them are central to the president’s goal of doubling energy from clean sources by 2035, a goal he has reiterated in the last two State of the Union addresses. That’s why we have ensured each has a clear path forward for continued development, while also taking advantage of American-made technologies that reduce pollution,” Stevens said.[back](#)

Interior fracking rule would require prior OK [back](#)

By Talia Buford | 5/4/12 11:13 AM EDT

The Obama administration Friday moved to force oil and gas operators to gain prior approval before fracking on federal lands and disclose the fluids they use.

Under [proposed rules](#) released by the Interior Department, frackers must also submit reports to ensure water sources are being protected.

The rules would only apply to federal and tribal lands while the vast majority of fracking operations occur on private lands. But this rule, along with last month’s [EPA air quality standards](#) for oil and gas operations that use hydraulic fracturing, was a highly anticipated look at how the Obama administration would treat the natural gas industry.

Under the proposed rule, operators would need to:

- Get prior approval before beginning fracking operations as a part of the application for a permit to drill process that currently exists. For wells already permitted but not fracked when the rule goes into effect or wells where the approval is more than five years old, operators would submit a report on the fracking plan for BLM approval before beginning the hydraulic fracturing process. Wells that are at least five years old would be reviewed promptly to eliminate any delay in operations.
- Submit additional information on the geological formations they are operating within and the specifications of the wells being drilled to ensure that water sources are being protected.
- Submit a disposal plan for recovered fluids for prior approval, along with estimates of how much fluid will be recovered.
- Conduct mechanical integrity tests to ensure that the wells can sustain the pressures expected during fracking.
- Store recovered fluids in tanks or lined pits, as is the current industry recommended practice.

After fracking operations have been completed, the operator would need to submit actual totals of fracking fluids used and the composition of fluids to BLM.

The chemical name, purpose and the amount used must be disclosed to BLM, and that information would be posted on a public website. BLM is working to integrate the information into FracFocus.org, an existing fluid disclosure website.

BLM would also reserve the right to request any additional information about well stimulation activities at any point, according to the rule.

Operators would still have to comply with any state or local regulations related to hydraulic fracturing.

A 60-day comment period will begin once the rule is published in the Federal Register.[back](#)

BLM chief retiring amid fracking debate [back](#)

By Darren Goode | 5/10/12 8:05 PM EDT

Bureau of Land Management Director Bob Abbey, whose agency is at the center of the debate over hydraulic fracturing on public lands, is retiring at the end of the month.

Abbey — who was appointed to his position in 2009 and has spent 34 years as a state or federal official — will “rejoin his family full-time in Mississippi,” the Interior Department announced late Thursday.

BLM Deputy Director Mike Pool will serve as acting director starting in June.

“Serving as the BLM director and having the opportunity to work with the most dedicated public servants in all of government has been the highlight of my career,” Abbey said in a statement. “I am proud of what we have accomplished together and I leave knowing that our efforts to date will lead to even greater achievements in the months ahead.”

Interior Secretary Ken Salazar said Abbey created “more real and positive change” at BLM than anyone before him, including “the renewable energy revolution he helped lead and the oil and gas reforms he implemented to the spectacular conservation lands he has

helped protect for future generations."

It is perhaps his role in the fracking debate where Abbey will most leave his mark.

The announcement of his retirement came just days after Interior released a long-awaited proposed rule to force oil and gas operators to gain prior approval before fracking on federal lands and disclose the fluids they use.

BLM administered 49,000 oil and gas leases representing 38 million acres last year, with most of those wells using hydraulic fracturing, Abbey said last week.

Salazar touted the rule as a way "to make sure that the American public is fully aware of the chemicals that are being injected into the underground."

But critics on the left and right panned the proposal as being either too soft or onerous.[back](#)

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